

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: March 12, 2008

To: Richard D. Nyklewicz, Jr., Chairman, Finance and Audit Committee

From: Jerome J. Heer, Director of Audits

Subject: Projected 2007 Financial Results

You have asked for our view on the financial results for 2007. Based on our review of preliminary year-end data, we concur with the Controller's estimate of approximately \$7 million of projected surplus.

Significant elements of this projected balance include overall departmental deficits of about \$3 million. Departments that generated a positive variance include the Sheriff's Office with a surplus of about \$600,000 and the Treasurer's Office with a surplus of approximately \$850,000. Organizations contributing to the deficit include Economic and Community Development with a deficit of \$1 million, Transit with a deficit of approximately \$1 million and Behavioral Health which is projected to deficit nearly \$3 million.

Departmental deficits are offset by positive results in Non-departmental accounts. Overall these preliminary figures indicate a net positive variance of about \$10.5 million, subject to further accounting and audit adjustments. Key elements include investment returns by the Treasurer that generated approximately \$5.5 million over the budgeted amount and by employee and retiree health care savings that will exceed \$10 million. (We have issued a separate memo today that addresses the significant health care savings that have been achieved from 2006 to 2008).

It is important to note that the data used to prepare this estimate is preliminary. It is subject to both further assessment by the central accounting unit and by the County's external auditors.

Should you have any questions, please contact me at 278-4206.

Jerome J. Heer

JJH/cah

cc: Milwaukee County Board of Supervisors
Terrence Cooley, Chief of Staff, County Board
Steve Cady, Fiscal and Budget Analyst, County Board
Delores Hervey, Chief Committee Clerk, County Board